

Exemption certificates must be executed by the purchaser at the time of purchase to document the exemption for oil field exploration, drilling and production equipment. See 86 Ill. Adm. Code 130.345. (This is a GIL.)

June 18, 2003

Dear Xxxxx:

This letter is in response to your letter dated February 18, 2003. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at the following address:
<http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

Our company is new and has designed a patent pending piece of equipment for producing oil wells. Thus; a ST-587 Equipment Exemption Certificate has to be on our files from our customers.

My problem is that an oil company, my customer, may have hundreds of wells and each one of these wells could apply this piece of equipment. So does my customer have to write a check **and** fill out a new ST-587 with every invoice I send them or could I just have one form for the first time they make a purchase and keep it on file for this particular type of equipment?

Please let me know if you would allow us to have one form for each company.

Thank you.

DEPARTMENT'S RESPONSE:

Enclosed is a copy of 86 Ill. Adm. Code 130.345 concerning the exemption for Oil Field Exploration, Drilling and Production Equipment. Exemption certificates must be executed by the purchaser at the time of purchase to document the exemption. The certificate must include the seller's name and address, the purchaser's name and address and a statement that the property purchased will be used for oil field exploration or oil field drilling or as oil field production equipment. However, please note that retailers may accept blanket exemption certificates as long as those

certificates are maintained as part of their books and records. See subsection (d) of Section 130.345. The blanket certificates must state that all of the purchases being made by person providing the blanket exemption certificate qualify for the exemption for oil field exploration, drilling and production equipment.

Please note that the General Assembly has passed Senate Bill 842 which includes the repeal of the exemption Oil Field Exploration, Drilling and Production Equipment, effective July 1, 2003. At this time, the Governor has not yet signed the bill into law. You may want to track the status of this legislation at the following Internet site. <http://www.legis.state.il.us>.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
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